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ABSTRACT

The persistence of racial imbalance in metropolitan population distribution is evidence of the tenacity of housing market discrimination as a determinant of the residential location of whites and blacks. That such segregated patterns persist more than a decade after Title VIII of the Civil Rights Act of 1968 suggests the need for renewed policy initiatives. This paper summarizes principal findings from a Rutgers University Center for Urban Policy Research homebuyers survey and suggests new policy directions in the area of fair housing legislation. The scope, assumptions, and remedial approach implicit in Title VIII are discussed, and it is shown that further legislation is required for a comprehensive attack on housing discrimination. Statistical evidence from the "Recent Buyers Survey" is examined in order to develop a framework for understanding the systemic nature of discrimination confronting blacks in a white dominated housing market. Examples of this include (1) the barriers preventing black homebuyers from gaining equal access to information about housing vacancies, and (2) the fact that blacks selling a suburban home confront unequal access to information dissemination channels required to successfully reach an adequate pool of buyers. Finally, it is recommended that the Federal government develop legislation regarding the dissemination of housing vacancy information in order to assure blacks' equal participation in the suburban housing market. (Author/GC)

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BLACK ACCESS TO SUBURBAN HOMEOWNERSHIP: RECOMMENDATIONS FOR POLICY

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INTRODUCTION

Title VIII of the Civil Rights Act of 1968 states that it is unlawful to "make unavailable or deny a dwelling to any person..." or "...to discriminate against any person in the...sale or rental of a dwelling...because of race, color, religion, or national origin."[1] Twelve years after enactment of this statute, blacks remain highly concentrated in central cities and the suburbs remain largely white. The black percentage of the U.S. suburban population has barely increased: from 4.1 percent in 1970 to 4.7 percent in 1975 to 5.2 percent in 1977. The percent of the black SMSA population living in the suburbs has edged upward at a similarly agonizing pace: 19.1 percent in 1970, 21.5 percent in 1975, 23.6 percent in 1977. For the latter year, 59.2 percent of the SMSA white population lived in the suburbs.[2]

It is abundantly clear that these discrepancies in white and black population distributions cannot be accounted for by income differences alone. As Kain and Quigley pointed out using 1970 data, if the concentration of blacks in central cities resulted from low income, then low-income whites should be similarly distributed.[3] They found, instead, that white and black patterns diverged sharply, and showed that a larger proportion of low-income whites than high-income blacks lived in the suburban ring: 53.1 percent of whites with incomes below $3,000 but only 25.9 percent of blacks

with incomes above $10,000 resided in the suburbs.[4] These proportions had barely shifted by 1977: 47.2 percent of SMSA whites earning less than $3,000 versus 28.5 percent of SMSA blacks above $10,000 lived in the suburbs.[5] A study published by the Regional Plan Association concluded that only 6 percent of the discrepancy in black and white population distributions in the tri-state New York metropolitan region could be attributed to income differences.[6] Using recent Annual Housing Survey data for 14 SMSA's, Thomas Clark has shown that, given current black and white income levels, eliminating residential discrimination would have two to five times the impact in the number of black families moving to the suburbs as a policy designed to equalize incomes.[7]

The persistance of racial imbalances in metropolitan population distributions is evidence of the tenacity of housing market discrimination as a determinant of the residential location of whites and blacks. That such segregated patterns persist more than a decade after enactment of Title VIII suggests the need for a renewed policy initiative based on a clear understanding of current conditions. Considered landmark legislation at its enactment, Title VIII is unequivocally important as a remedy for individuals confronting overt discrimination in their search for housing. A recent survey of the housing search experiences of 1,004 black and white suburban homebuyers, however, suggests that Title VIII alone is insufficient in

scope of coverage and in its programmatic approach to countering systemic patterns of housing market discrimination. This paper summarizes some principal findings from the CUPR Recent Buyers Survey and considers new policy directions in the area of fair housing legislation suggested by the survey findings.

The paper is divided into four additional sections. Section II discusses the scope, assumptions, and remedial approach implicit in Title VIII and shows that further policy initiatives are required for a comprehensive attack on housing discrimination. The following two sections examine evidence from the CUPR Recent Buyers Survey to develop a framework for understanding the systemic nature of discrimination confronting blacks in a white-dominated housing market. Section III considers the barriers preventing black homebuyers from gaining equal access to information about housing vacancies. Section IV considers evidence that blacks selling a suburban home confront similarly unequal access to information dissemination channels required to successfully reach an adequate pool of potential buyers. These two sections together document the segmentation along racial lines of information channels used to both acquire and disseminate vacancy information. The final section proposes some policy initiatives that may assist in skirting these barriers to equal participation in the housing market.

TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968

Declaring that "it is the policy of the United States to provide...for fair housing,"[8] Title VIII explicitly prohibits several discriminatory practices: racially-motivated refusal to sell or rent, denial that a unit is available when in fact it is, racial steering by brokers, and statements of racial preference or exclusion in advertisements.[9] Individuals subjected to any of these practices may obtain injunctive relief and recover damages by filing suit in Federal court.

Several implicit elements of this legislation bear highlighting. First, the discrimination envisioned by the statute is that experienced by black (and other minority) *home-seekers*, i.e., prospective buyers or renters. Second, the practices specifically prohibited by the Act have a common theme: they pertain to racial differences in access to *information about housing availability*. Third, the remedy provided--*litigation in the Federal courts*--aims to offset or eliminate discrimination by punishing its occurrence.

Described in this way, Title VIII is clearly important in providing redress for the individual home-seeker confronting unequal access to information about housing vacancies. Why, then, have its effects not been more evident? Shortcomings are threefold: in scope of coverage, in underlying assumptions about the nature of a discriminatory housing market, and in the implicit programmatic approach to reducing discrimination. These shortcomings are inextricably linked.

Scope of Coverage

In focusing on the homeseeker's inability to obtain vacancy information, the law appears incognizant of the corollary: the minority *seller's* inability to gain access to information dissemination channels required to successfully market one's unit and recover accumulated equity. Data from the Recent Buyers Survey indicate that suburban housing units sold by blacks command a substantially lower selling price than otherwise equivalent units sold by whites (see Section IV below). Evidence is also accumulating that this discrepancy in equity recapture is attributable at least in part to an inability by blacks to reach as wide and representative a market as is available to whites selling equivalent homes.

Suburban black home-seekers are limited in their search to a biased sub-set of available units. Blacks selling their homes reach only a biased sub-set of potential buyers. Legislation currently in place may be too narrow in scope of coverage to respond to this latter form of market inequality.

Underlying Assumptions

An overly-restrictive scope of coverage may be linked to a faulty set of underlying assumptions about the nature of housing market bias. By identifying specific discriminatory practices and establishing penalties for their occurence, the statute implies that these practices constitute a set of

perverse actions within an otherwise impartial and color-blind market. If these particular practices were to be eliminated it is assumed, the market would function in a non-discriminatory manner.

Seemingly unaware of discrimination encountered by blacks when selling a house as well as buying one, the law underestimates the pervasiveness of market bias. Rather than being distorted by a discrete set of discriminatory practices susceptible to elimination, the information channels through which the market functions are structured and operate in a systematically biased fashion. Whether as buyers or as sellers, blacks are able to gain only marginal access to the market. White real estate brokers and other market mediators frequently perceive strong incentives to discriminate when their livelihood is dependent on personal contacts and strong community ties and they believe that majority white sentiment favors black exclusion. There is no inherent incentive within the structure of the market not to discriminate. In reality, the race of the buyer and the seller, and the racial composition of the neighborhood, are overtly or tacitly acknowledged in the overwhelming majority of residential real estate transactions. Despite the pervasive and inescapable influence of race, however, the law as written assumes a bias-free market structure and places the burden of proof on the victim of discrimination.

Reducing Discrimination

Following from the basic assumptions outlined above, the legislation moves to reduce discrimination through application of negative sanctions in individual cases. Full costs of enforcement, in both time and monetary terms, are borne by the victim of discrimination who initiates the complaint.

The present procedure is time-consuming and costly. An individual who experiences discrimination can file a complaint with HUD's office of Fair Housing and Equal Opportunity. HUD then attempts to resolve the problem through "informal methods of conference, conciliation, and persuasion" (sec. 810(a)). If conciliation fails within thirty days, the complainant can file a civil action in Federal court. Significantly, section 810(e) states in its entirety: "In any proceeding brought pursuant to this section, the burden of proof shall be on the complainant." The method increasingly being adopted to establish such proof is the use of white "testers," often provided by a local fair housing group: the white tester's experience is contrasted to that of the black home-seeker to substantiate discriminatory treatment.[10] If the proof is accepted, the court can issue a restraining order and award actual damages plus punitive damages to a limit of $1,000. Even when the plaintiff prevails, however, he/she must pay court costs and attorney's fees, unless "said plaintiff in the opinion of the court is not financially able to assume said attorney's fees" (sec. 812(c),i.e., unless the complainant is indigent.

A proposed amendment to Title VIII, currently being debated in Congress, would substantially strengthen HUD's enforcement role and would raise maximum penalty limits.[11] If adopted, the amendment would eliminate the most egregious shortcomings in the statute's enforcement provisions (e.g., attorney's fees would be awarded to a prevailing plaintiff). Nonetheless, the basic programmatic approach of the law would remain unchanged. In the case of a discriminatory real estate broker, for instance, a local fair housing group can use a tester to document a particular instance of discriminatory behavior, litigate in Federal court, and obtain a judgement for damages for a particular plaintiff. Little in this procedure is likely to deter the same broker from repeating the same pattern of behavior in other cases, since the onus is again on the individual and the advocacy group to repeat the testing and litigating routine de novo in each case.

Under the existing law, the Attorney General can initiate civil actions independently of individual complaints. Such actions are restricted by the statute to cases involving a broad "pattern or practice of resistance" to the rights provided by the Act and where violation "raises an issue of general public importance" (sec. 813). Preparation and documentation of "pattern and practice" cases taxes available resources. The Department of Justice has assigned thirteen attorneys to bring cases nationwide.[12] The Regional Plan Association's report on fair housing practices in the New York region is dubious about the effectiveness of these

broad-based actions.[13] According to the report, most such cases are settled in pre-trial consent agreements, in which the defendant does not admit guilt but accepts certain court-ordered conditions designed to monitor future compliance. Enforcement of these conditions, however, is difficult for the same reasons that apply to the Title itself. Finally, even if HUD assumes power to initiate administrative hearings, meager resources are likely to limit its effectiveness. Under the current system, of 4,232 complaints on file with HUD in 1977, 65.5 percent were processed, 11.4 percent were accepted for conciliation, and 6.0 percent were conciliated successfully.[14]

The case-by-case approach which underlies Title VIII provides a necessary remedy for the individual subject to discriminatory treatment. It is insufficient as an antidote to systemic bias which bars blacks from participation in the housing market on equal terms with whites. The following two sections document the extent of this bias, and the final section offers some proposals for reform.

HOUSING SEARCH DISCRIMINATION

Home-seekers incur time, monetary and psychic costs in the search for housing. Search costs rise with an increase in time required to obtain information about housing vacancies and with a decrease in the amount and quality of information obtained per unit of time. Systematically greater search costs confronting black potential home-seekers as compared

to whites would bar otherwise qualified black households from finding a suburban residence.

At least three possible explanations of racial differences in housing search can be posited.[15] First, lower education and income levels and a higher concentration in central city rental housing may leave blacks with inadequate knowledge of the housing market and less facility for obtaining and evaluating vacancy information. Second, overt discrimination by market mediators such as real estate agents and mortgage lenders would effectively contrast the flow of information to black buyers. Third, black home buyers, experienced in the adaptive behavior required to avoid outright discrimination by white-dominated institutions, may approach and use information sources differently than their white counterparts. The savings in self-esteem however, engender greater costs of time and effort in search. The CUPR Recent Buyers Survey of 1,004 black and white homebuyers in five suburban New Jersey communities identifies black/white differences in search experience and evaluates the relative importance of these three explanatory models.[16]

Several basic dimensions of housing search are invariant across racial groups: the number of information sources used (5.0); the number of sources found helpful (4.3); the number of real estate brokers contacted (2.8); and the number of housing units seriously considered (2.2).

Differences emerge, however, in the <u>type</u> of information sources used. Blacks benefit somewhat more than whites from information obtained from friends. Personal networks are

evidently seen by blacks as trustworthy sources, and as an important source of assurance regarding the relative hospitality of particular communities. Secondly, black homebuyers reveal a greater dependence than whites on "For Sale" signs as a source of vacancy information. A pattern emerging from the interviews is that black buyers often first identify an available unit through a "For Sale" sign and only then approach the broker for information about asking price and access. Being able to ask a specific question about a specific unit may be seen as less frustration-inducing than the more ambiguous request for information about "what's available." This initial evidence suggests that, compared to whites, black home-seekers approach brokers with a different set of expectations for the type of information that will be forthcoming.

Suburban black homebuyers spend substantially more time in search than whites, but look at fewer units in fewer communities. Blacks spend 48 percent more time than whites in pre-search deliberations, and 23 percent more time in active search. Within suburban neighborhoods defined by racial composition, active search time for blacks is 28 percent longer in Black-Entry neighborhoods and 50 percent longer in Inter-Racial neighborhoods.[17] While the time spent is longer, however, the extent of search is more constrained. Compared to whites in All-White neighborhoods, blacks in Inter-Racial neighborhoods and All-Black neighborhoods look at 10 and 12 percent fewer units, respectively. Blacks moving to All-Black neighborhoods looked for housing in 20 percent fewer communities.

To what extent are these differences attributable to background versus discrimination? *Black/white differences in search experience remain virtually undiminished after controlling for a broad range of socio-economic, housing unit, and mobility characteristics* (Exhibit 1). Comparing all blacks with all whites in the sample, the regression coefficient on a dummy variable for race indicates that black households spent 54 percent more time thinking about moving and 24 percent more time in active search than did white households equivalent in unit and buyer characteristics, previous residence, and mobility behavior. These differences are magnified as the racial composition of the destination neighborhood becomes more black. Relative to whites moving to All-White blocks, planning and deliberation prior to search extends up to 84 percent longer for blacks moving to All-Black blocks; active search continues for up to 49 percent longer. In sum, the regression results indicate that all other things being equal, black housing search is substantially less efficient--and therefore more costly--than that of whites, since the same number of units are inspected but in a considerably longer time period.

Finally, what evidence is there that the housing search of blacks and whites is structured differently due to discrimination? Stratified regression models by race permit comparative analysis of factors influencing the search experience of blacks and whites.[18]

EXHIBIT 1

DIFFERENCES IN SEARCH EXPERIENCE OF BLACK AND WHITE SUBURBAN HOMEBUYERS[a]

	MONTHS THINKING OF LOOKING			*MONTHS IN ACTIVE SEARCH*			*NUMBER OF UNITS INSPECTED*		
	Regression Coefficient	*t-value*[b]	*Percent Difference in Search Measure*[c]	*Regression Coefficient*	*t-value*[b]	*Percent Difference in Search Measure*[c]	*Regression Coefficient*	*t-value*[b]	*Percent Difference in Search Measure*[c]
All Blacks Relative to All Whites	.4312**	4.375	53.9	.2142**	2.630	23.9	.0887	0.990	9.3
Relative to Whites in All-White blocks:									
Whites in Black-Entry blocks	.0248	0.181	2.5	-.2343*	-2.099	-20.9	.0666	0.551	6.9
Blacks in Black-Entry blocks	.3316**	2.612	39.3	.0139	0.134	14.0	.0673	0.575	7.0
Whites in Inter-Racial blocks	.0713	0.541	7.4	-.2319*	-2.095	-20.7	-.0554	-0.460	-5.4
Blacks in Inter-Racial blocks	.5930**	3.782	80.9	.3324**	2.530	39.4	.1432	1.023	15.4
Blacks in All-Black blocks	.6099**	2.383	84.0	.3969*	1.921	48.7	.1796	0.787	19.7
Relative to Whites in Black-Entry blocks:									
Blacks in Black-Entry blocks	.3068*	1.834	35.9	.2481*	1.770	28.2	.0007	0.000	0.1
Relative to Whites in Inter-Racial blocks:									
Blacks in Inter-Racial blocks	.5217**	2.739	68.5	.5643**	3.504	75.8	.1986	1.162	22.0

Notes: [a] Housing units standardized in regression of log search measure on five unit and neighborhood characteristics, four buyer characteristics, and ten mobility and search characteristics. See Appendix Exhibit A-1.

[b] Test that coefficient is significantly different from zero. The one-tailed .01 significance level (**) is 2.326 and the .10 significance level (*) is 1.282.

[c] In the log linear model, b (100) approximates the percent change in Y only when b is small. Otherwise, use $(e^b-1)100$.

Among whites, previous owners enjoy a substantial saving in time spent both in prior deliberation and in active search. Previous ownership confers no statistically significant time savings on blacks. The longer preparation time required by blacks prior to active search cannot simply be attributed to lack of ownership experience, since previous owners are indistinguishable from previous renters. Uncertainty about a potentially inhospitable suburban environment is likely to effect owners and renters equally.

Previous ownership also influences the number of units inspected by blacks and whites differently. Whites who owned their previous unit inspected 20 percent fewer units than other whites; among blacks, previous owners inspected 45 percent more units. In general, ownership experience aids in defining housing needs and expectations and conveying these to the real estate agent, who can tailor recommendations accordingly. For whites, this results in a substantial reduction in search effort required. Among black homebuyers, in contrast, previous ownership seems to impart an appreciation of housing quality that requires rejection of the inadequate units that are often shown to black prospects. The following experience reported by a black respondent is instructive:

> "Before we bought our house, we had gone to the Plainfield area.... We went to two people, and they seemed to take us to black run-down areas. And I didn't want a black run-down house in a black run-down area, so we just stopped looking altogether. My husband just happened to see this particular home, he liked it, and we bought it... How did I find it? It was on the placard they put out front."

Use of a real estate broker as the most important information source bears different results for white and black homebuyers. Whites who use an agent as their primary source gain access to nearly 40 percent more units than whites using other sources. The difference for blacks is not statistically significant. Black homebuyers who use an agent, in other words, inspect no more homes than those who rely on newspapers, "For Sale" signs, or other sources of information.

In sum, the evidence is strong that black housing search is considerably less efficient--and therefore more costly--than white search. This difference, however, cannot be explained by differences in socio-economic characteristics or prior ownership experience. Blacks matched in background characteristics with whites still spend substantially more time in search to find an acceptable unit. Whether due to overt discrimination or black wariness in the face of discriminatory institutions, information and options available to black homeseekers are inadequate in both quantity and quality relative to the white experience. The result is a greater expenditure of time and effort required to achieve the same end.

RESALE OF BLACK-OWNED UNITS

While the entry costs in time and effort required for black housing search are therefore quite high, the pay-off in equity accumulation may be disproportionately low. Evidence from the Recent Buyers Survey indicates that the sale price of units sold by blacks is substantially lower than otherwise equivalent units sold by whites. Marketing practices which

artificially restrict demand for black-owned units contribute significantly to lower sale prices.

The question of black equity recapture is of course the converse of the more commonly addressed issue of racial differences in purchase price. Recent studies tend to indicate that, after standardizing for housing and neighborhood characteristics, purchase price decreases as the black proportion of the neighborhood population increases.[19] Lower initial purchase prices for blacks buying into such neighborhoods may be an illusory saving, however, if resale values are correspondingly lower as well. The issue has been posed succinctly by Mieszkowski:[20]

> A low price in the short run may turn out to be 'expensive' when measured in terms of the long-run appreciation of prices of housing in white neighborhoods. If black households are constrained to buying housing in minority neighborhoods, they may be handicapped with respect to long-run capital accumulation.

Respondents in the Recent Buyers Survey identified the race of the household <u>from whom</u> they purchased their house. After standardizing for unit, neighborhood and buyer characteristics, the analysis shows that *units sold by blacks command an average of 10.4 percent less than otherwise comparable units sold by whites* (Exhibit 2). Further, this price discount tends to increase for both black and white sellers as the neighborhood proportion black increases, and is larger for blacks than for whites in every neighborhood type. For instance, using sales by whites on All-White blocks as the norm, equivalent homes sold by whites in Black-Entry neighborhoods

EXHIBIT 2

SALE PRICE DIFFERENCES IN STANDARDIZED SUBURBAN HOMES SOLD BY BLACKS AND WHITES[a]

	Regression Coefficient	*t-value*[b]	*Percent Difference in Sale Price*[c]
Relative to White sellers:			
Black sellers	-.1101**	-3.717	-10.4
Relative to White-to-White sales:			
White-to-Black sales	-.0590*	-2.836	- 5.7
Black-to-White sales	-.0628	-1.031	- 6.1
Black-to-Black sales	-.1428**	-4.249	-13.3
Relative to White sellers in All-White blocks:			
Black sellers in All-White blocks	-.0142	-0.158	- 1.4
White sellers in Black-Entry blocks	-.0061	-0.305	- 0.6
Black sellers in Black-Entry blocks	-.1161*	-1.531	-11.1
White sellers in Inter-Racial blocks	-.1092**	-4.971	-10.3
Black sellers in Inter-Racial blocks	-.1290**	-3.094	-12.1
White sellers in All-Black blocks	-.1307*	-1.445	-12.3
Black sellers in All-Black blocks	-.2057**	-3.511	-18.6
Relative to White-to-White sales in All-White blocks:			
All-White blocks			
Black-to-White sales	.0166	0.184	1.7
Black-Entry blocks			
White-to-White sales	.0284	1.008	2.9
White-to-Black sales	-.0317*	-1.285	- 3.1
Black-to-White sales	-.0736	-0.639	- 7.1
Black-to-Black sales	-.1494*	-1.484	-13.9
Inter-Racial blocks			
White-to-White sales	-.0976**	-3.796	- 9.3
White-to-Black sales	-.1365**	-3.575	-12.8
Black-to-White sales	-.2149*	-1.855	-19.3
Black-to-Black sales	-.1219**	-2.752	-11.5
All-Black blocks			
White-to-Black sales	-.1343*	-1.485	-12.6
Black-to-Black sales	-.2082**	-3.553	-18.8

Notes: [a] Housing units standardized in regression of log sale price on five housing unit characteristics, four neighborhood characteristics, and six buyer characteristics. See Appendix Exhibit A-2.

[b] Test that coefficient is significantly different from zero. The one-tailed .01 significance level (**) is 2.326 and the .10 significance level (*) is 1.282.

[c] In the log-linear model, b (100) approximates the percent change in Y only when b is small. Otherwise, use $(e^b-1)100$.

Source: CUPR Recent Buyers Survey, Fall 1978.

command equivalent prices; black-owned homes in these neighborhoods sell for 11.1 percent less. In Inter-Racial neighborhoods, average discounts are 10.3 percent in units sold by whites and 12.1 percent in units sold by blacks. In All-Black neighborhoods, white sellers lose 12.3 percent while blacks lose nearly 19 percent relative to the price obtained for equivalent units by whites in All-White neighborhoods.

In general, blacks who sell to other blacks are subject to the greatest loss of equity, supporting the hypothesis that the steering of blacks to black units in black areas restricts the scale of market demand for such units. In Black-Entry neighborhoods, for example, blacks selling to whites experience a 7 percent loss of equity; blacks selling to blacks lose 14 percent. (The Black-to-White coefficient is not significant at the .10 level, due most likely to too few cases). Maintenance of white demand in Black-Entry neighborhoods evidently serves to bolster housing values; black purchase of a black-owned unit at a substantial discount is indicative of the weakness of white demand for that unit. This implies that black access to a suburban unit is contingent on the absence of white demand: either tight financial conditions allow blacks with capital to bid in a buyer's market, or the unit is relegated to the black segment of a dual housing market.

The situation in Inter-Racial neighborhoods is somewhat different. Here, with larger black concentrations--between 5 and 80 percent--serving as a disamenity, whites translate

an antipathy for integration into substantially lower bids. Thus, blacks who sell to whites in Inter-Racial neighborhoods experience the greatest loss of equity--19.3 percent--of all transaction types in all neighborhoods.

White preference for segregated neighborhoods is only a partial explanation for the weakness of demand for black-owned units. Taylor reviews longitudinal survey evidence indicating the gradual improvement in white attitudes to integration.[21] Some 55 percent of white respondents in the Recent Buyers Survey reported a preference for living in an integrated neighborhood. Yinger has suggested that real estate brokers may be overestimating white reluctance to live in such areas.[22]

Real estate agents contribute directly to differential price levels for units in integrated neighborhoods. The listing broker can perpetuate price discrepancies by insisting that the unit be listed at a lower asking price because of its location. Respondents report:

> My parents recently sold their home and had a negative experience with brokers who said that they could ask the price that they wanted to ask if the home was in Tenafly [a predominantly white community] but not in Teaneck [an integrated community].

> In the two experiences we've had trying to sell our home since we've been here, the real estate people that have come into our home to sell it for us have told me that we would get a lot more money for our house if it wasn't in Franklin.

Secondly, brokers effectively mediate the level of demand for black-owned units by steering whites away from integrated areas. Even if a unit is included in a Multiple Listing Service, brokers have complete autonomy in recommending listings

to prospective buyers. Since MLS information is kept confidential, dissemination of information about a listed unit depends on the cooperation of participating brokers.[23] As a result of steering, the dissemination of information about black-owned units is substantially more restricted than that provided for whites.

RECOMMENDATIONS FOR POLICY

Bias in the dissemination of vacancy information burdens blacks with excessive costs of housing search and loss of equity when selling. The ameliorative approach in current legislation burdens the victims of discrimination with the full cost of enforcement as well.

A case-by-case approach which seeks to eliminate discrimination by punishing its occurrence cannot succeed as long as the institutional incentives to discriminate prevail. An affirmative approach is required which encourages the development of conditions conducive to equal access to housing market information. As currently mediated through real estate agents and other dissemination channels, information about housing vacancies is an economic good; as such, it will continue to be disseminated in a manner designed to maximize economic return, not racial equality. The incentive for biasing information flows can be removed by making vacancy information a public good. This requires: (1) development of an unbiased institutional structure for disseminating information; and (2) bringing vacancy information into the public domain. The following policy recommendations contribute to achieving these goals.

(1) *HUD should encourage development of a network of non-profit Housing Information Centers at the county level within metropolitan areas.*

Housing Information Centers, already operating in several locations, provide housing counseling services, information about taxes, schools, and municipal services, advocacy services for victims of discrimination, and recommendations of non-discriminatory brokers and mortgage lenders. They do not engage in brokerage activities. A network of Housing Information Centers would constitute a nucleus for development of an institutional structure devoted to disseminating market information in a non-discriminatory manner.

(2) *Federal legislation is required to provide for direct funding of Housing Information Centers by HUD.*

Direct funding is imperative to free Housing Information Centers from local political influence.

(3) *To bring market information into the public domain, Federal legislation should require owners or their agents to file a Notification of Intent to Sell with county authorities within five days after entering into a listing agreement with a broker or publicly advertising the unit for sale.*

Several suburban municipalities have adopted Notification ordinances in an attempt to monitor housing turnover.[24] The broader objective is to "de-classify" housing market information. While information about unit availability would become public, access to the unit would still be through the listing broker. As with present fair housing legislation, owners who sell without a broker or public

advertising would be exempted from the filing requirement.

Only with a direct affirmative approach will Federal policy begin to establish the conditions necessary for equal access to suburban homeownership.

NOTES

1. Public Law 90-284 (Civil Rights Act of 1968), sec.804(a), (b), 82 Stat. 83 (1968).

2. U.S. Bureau of the Census, Current Housing Reports, Series H-150-77, General Housing Characteristics for the United States and Regions: 1977, Annual Housing Survey: 1977, Part A. (Washington, D.C., 1979); U.S. Bureau of the Census, Current Housing Reports, Series H-171-75, No. 1, Summary of Housing Characteristics for Selected Metropolitan Areas, Annual Housing Survey: 1975, Supplementary Reports (Washington, D.C.: 1978).

3. John F. Kain and John M. Quigley, Housing Markets and Racial Discrimination, (New York: National Bureau of Economic Research, 1975).

4. Kain and Quigley, Housing Markets, pp. 58-59.

5. U.S. Bureau of the Census, Current Housing Reports, Series H-150-77, Financial Characteristics of the Housing Inventory for the United States and Regions. Annual Housing Survey: 1977, Part C. (Washington, D.C.: 1979).

6. Regional Plan Association, Segregation and Opportunity in the Region's Housing, Regional Plan News, No. 104 (July 1979).

7. Thomas A. Clark, "Race, Class, and Suburbanization: Prior Trends and Policy Perspectives," unpublished paper, Rutgers University Department of Urban Planning and Policy Development, December 1979.

8. Sec. 801, 82 Stat. 81.

9. The statute also explicitly prohibits panic peddling (sec. 804(e)) and mortgage discrimination (sec. 805).

10. Ronald E. Wienk et al., Measuring Racial Discrimination in American Housing Markets: The Housing Market Practices Survey (Washington, D.C.: U.S. Department of Housing and Urban Development, 1979).

11. H.R.5200, 96th Cong., 1st Sess. The "Fair Housing Amendments Act of 1979" was approved by the House Judiciary Committee in March 1980 and is currently being debated by the full House. It has been subject to intensive lobbying opposition by the real estate, appraisal, and insurance industries.

12. Letter from Representative Don Edwards, September 27, 1979.

13. Regional Plan Association, Segregation and Opportunity, pp.25-26.

14. U.S. Department of Housing and Urban Development, Programs of HUD (Washington, D.C., 1978) p.86.

15. Robert W. Lake, "Housing Search Experiences of Black and White Suburban Homebuyers," in G. Sternlieb and J. Hughes (eds.), America's Housing: Prospects and Problems (New Brunswick: Center for Urban Policy Research, 1980), pp.439-484.

16. Recent homebuyers in five New Jersey communities were interviewed by telephone during Fall 1978 as part of a larger study funded by NIMH. For a full description of survey and sampling methodology, see Robert W. Lake Race and Housing in the Suburbs (New Brunswick: Center for Urban Policy Research, forthcoming).

17. Neighborhood types are defined as follows:

    All-White: 1970 census block population less than 5 percent black; only white in-movers during the sampling period (1974-77).

    Black-Entry: 1970 census block population less than 5 percent black; black in-movers during the sampling period.

    Inter-Racial: 1970 census block population more than 5 percent and less than 80 percent black.

    All-Black: 1970 census block population more than 80 percent black.

18. See Lake, "Housing Search Experiences," pp. 462-468.

19. For reviews of the recent literature on this issue see Brian Berry, The Open Housing Question (Cambridge: Ballinger, 1979), esp. Chapters 16 and 17; Peter Mieszkowski, Studies of Prejudice and Discrimination in Urban Housing Markets (Boston: Federal Reserve Bank of Boston, 1979); John Yinger "Prejudice and Discrimination in the Urban Housing Market," in Peter Mieszkowski and Mahlon Straszheim, Current Issues in Urban Economics (Baltimore: Johns Hopkins University Press, 1979).

20. Mieszkowski, Studies of Prejudice and Discrimination, p. 59.

21. D. Garth Taylor, "Housing, Neighborhoods, and Race Relations: Recent Survey Evidence," Annals of the American Academy of Political and Social Science, Vol. 441 (January 1977) 26-40.

22. John Yinger, An Analysis of Discrimination by Real Estate Brokers, Institute for Research on Poverty Discussion Paper 252-75 (Madison: University of Wisconsin, 1975).

23. The inside cover of the Bergen County (N.J.) Multiple Listing book, titled "Confidential Market Digest," bears the warning: "BOOK POLICY: This book is exclusively for the use of the members of the Bergen County Multiple Listing Service. The loan, lease or sale of this book by any participant to any unauthorized individual or firm is a violation and is subject to a fine of $500 to the firm or individual found guilty of said misuse."

24. See, for instance, Dudley Onderdonk, Donald DeMarco, and Kathy Cardona, Integration in Housing: A Plan for Racial Diversity (Park Forest, Ill.: Planning Division, Village of Park Forest, 1977).

APPENDIX EXHIBIT A-1

FULL REGRESSION EQUATIONS
FOR SEARCH MEASURES

Independent Variables	*Months Thinking of Moving (ln)*	*Months in Active Search (ln)*	*Number of Units Internally Inspected (ln)*
UNIT CHARACTERISTICS			
Number of Bedrooms	.0473	.0424	.0657*
Age of House	-.0007	-.0001	.0008
Land Assessed Value (ln)		.0313	
Community Type (Montclair or Teaneck=1)	.0396		.0743
Sale Price (ln)	.0818	.2859**	.9370***
BUYER CHARACTERISTICS			
Age of Head	.0129***	-.0024	-.0149***
Previous Tenure (Own=1)	-.1947*	-.1614*	-.1204
Blue Collar Occupation (Yes=1)	.3098***	.1339	
High School Grad or Less (Yes=1)			-.1635*
PREVIOUS RESIDENCE			
Same Neighborhood (Yes=1)	.1945	-.0564	-.2422
Out of State Central City (Yes=1)	.0358	.0616	.0234
Job-Related Move (Yes=1)	-.4492***	-.4414***	.2281**
Housing Unit Reason (Yes=1)	-.0070	.1411*	.0605
Neighborhood Reason (Yes=1)	.1641	.1887*	.2426**
MOBILITY BEHAVIOR			
Chose Unit for Financial Reasons (Yes=1)	-.0022	-.0402	.0140
Chose Unit for Social Reasons (Yes=1)	-.1257	-.0858	-.0822
Chose Unit for Housing Unit Reason (Yes=1)	-.0155	-.0683	.2261**
Prior Knowledge of Community (Yes=1)	-.0461	.1345*	-.1362*
Real Estate Agent as Most Important Source (Yes=1)	.0445	-.0253	.2662***
RACE (Black=1)	.4312***	.2142***	.0887
Constant	-.1731	-2.1510	-7.6576
F	5.5002	5.5536	10.4947
R^2	.112	.110	.188
Sample Size	805	831	836

(continued)

APPENDIX EXHIBIT A-1 (continued)

FULL REGRESSION EQUATIONS
FOR SEARCH MEASURES

Independent Variables	*Months Thinking of Moving (ln)*	*Months in Active Search (ln)*	*Number of Units Internally Inspected (ln)*
RACE AND NEIGHBORHOOD[a]			
Relative to WAW:			
WBE	.0248	-.2343**	.0666
BBE	.3316***	.0139	.0673
WIR	.0713	-.2319**	-.0554
BIR	.5930***	.3324**	.1432
BAB	.6099**	.3969*	.1796
R^2	.117	.131	.189
Relative to WBE:			
BBE	.3068*	.2481*	.0007
R^2	.117	.131	.189
Relative to WIR:			
BIR	.5217***	.5643***	.1986
R^2	.117	.131	.189

Notes: Significance levels: ***p <.01; ** p <.05; *p <.10.

(a) Race and neighborhood categories:
- WAW Whites in All-White Neighborhoods
- WBE Whites in Black-Entry Neighborhoods
- BBE Blacks in Black-Entry Neighborhoods
- WIR Whites in Inter-Racial Neighborhoods
- BIR Blacks in Inter-Racial Neighborhoods
- BAB Blacks in All-Black Neighborhoods

Source: CUPR Recent Buyers Survey, Fall 1978.

APPENDIX EXHIBIT A-2

EFFECT OF RACE OF SELLER ON SELLING PRICE

INDEPENDENT VARIABLES	*DEPENDENT VARIABLE: ln SELLING PRICE* I	II	III	IV
HOUSING UNIT CHARACTERISTICS				
Number of rooms	.0232*	.0247*	.0239*	.0245*
Number of bedrooms	.0287*	.0275*	.0283*	.0283*
Number of bathrooms	.0764*	.0742*	.0766*	.0733*
Age of house (years)	-.0051*	-.0053*	-.0050*	-.0051*
Garage (Yes=1)	.1318*	.1275*	.1287*	.1275*
NEIGHBORHOOD CHARACTERISTICS				
Land assessed value (ln)	.0510*	.0495*	.0503*	.0509*
Community type(Montclair or Teaneck =1)	.1298*	.1399*	.1346*	.1358*
Journey-to-work ($\leq$10 min=1)	-.0172	-.0209	-.0229	-.0266
Journey-to-work ($\geq$ 1 hr.=1)	.0244	.0252	.0281	.0298
HOUSEHOLD CHARACTERISTICS				
Length of residence (months)	-.0035*	-.0035*	-.0035*	-.0035*
Blue-collar occupation (Yes=1)	-.1148*	-.1032*	-.1072*	-.1040*
Total family income ($1,000's)	.0050*	.0050*	.0047*	.0047*
Previous tenure (Own=1)	.0507*	.0476*	.0413* (a)	.0401* (a)
Age of head (years)	.0011	.0013	.0016	.0017
Total family size	-.0071	-.0054	-.0046	-.0041
RACE OF SELLER (Black = 1)	-.1101*			
RACE OF BUYER AND SELLER				
Relative to White-to-White Sale:				
White-to-Black Sale		-.0590*		
Black-to-White Sale		-.0628		
Black-to-Black Sale		-.1428*		
RACE OF SELLER BY NEIGHBORHOOD				
Relative to White sellers in All-White blocks:				
Black seller in All-White blocks			.0142	
White seller in Black-Entry "			-.0061	
Black seller in Black-Entry "			-.1161	
White seller in Inter-Racial "			-.1092*	
Black seller in Inter-Racial "			-.1290*	
White seller in All-Black "			-.1307	
Black seller in All-Black "			-.2057*	
RACE OF BUYER AND SELLER BY NEIGHBORHOOD				
Relative to White-White sales in All-White blocks:				
Black-White sale in All-White blocks				.0166
Black-Entry blocks				
White-White sales				.0284
White-Black sales				-.0317
Black-White sales				-.0736
Black-Black sales				-.1494
Inter-Racial blocks				
White-White sales				-.0976*
White-Black sales				-.1365*
Black-White sales				-.2149 (a)
Black-Black sales				-.1219*
All-Black blocks				
White-Black Sales				-.1343
Black-Black Sales				-.2082*
Constant	9.8189	9.8277	9.8205	9.8117
F	77.9901	70.5513	58.4913	49.7206
R^2	.640	.645	.658	.660
Number of cases	718	718	693	693

NOTES: * indicates coefficient is more than twice its standard error.
(a) coefficient is significant at $p < .10$

SOURCE: CUPR Recent Buyers Survey, Fall 1978.